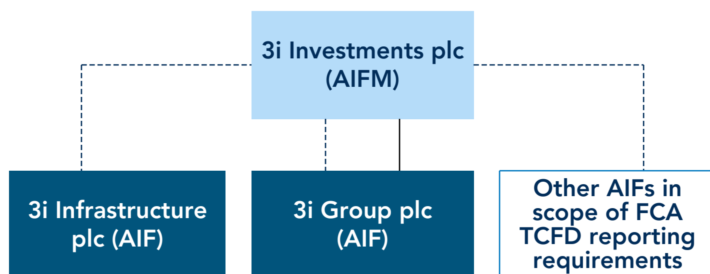
Our TCFD disclosures

These disclosures reflect 3i's response to the recommendations of the TCFD. They set out how we incorporate climate-related risks and opportunities for our business and portfolio into our governance, strategy and risk management. They also include disclosures on our direct GHG emissions metrics and, for the first time, those associated with our portfolio.

Regulatory background

3i Group plc is an Alternative Investment Fund managed by 3i Investments plc, a UK Alternative Investment Fund Manager. 3i Investments plc is a wholly-owned subsidiary of 3i Group plc. This TCFD report is published in line with the requirements outlined in the FCA's Environmental, Social and Governance ("ESG") sourcebook. They require 3i Investments plc to disclose publicly specific climate-related metrics and processes as part of a product report for 3i Group plc based on the TCFD recommendations. These disclosures also cover the Group's, including 3i Investments plc's, overall approach to climate change in line with the TCFD recommendations.

The diagram below shows the TCFD reporting requirements for the entities described above.



This TCFD report should be read in conjunction with the 3i Investments plc TCFD entity report, which is available on 3i's website, and with the rest of this Annual report, which contains other relevant information. Specific references are provided where applicable.

Read more
www.3i.com/sustainability/

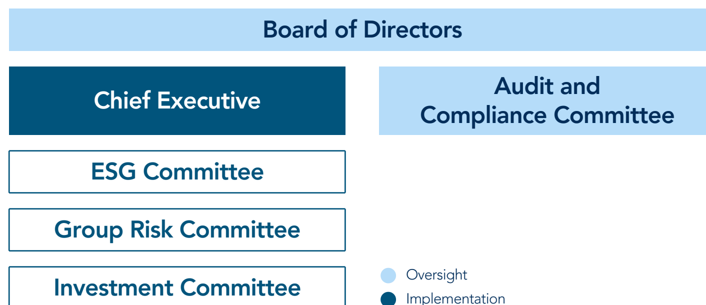
Governance

TCFD recommendations

Disclose the organisation's governance around climate-related risks and opportunities:

- Describe the board's oversight of climate-related risks and opportunities
- Describe management's role in assessing and managing climate-related risks and opportunities

The management of climate-related risks and opportunities is integral to our processes and operations, including our investment and portfolio management activities, with oversight by the Board and delegated authority to the Chief Executive. In determining 3i's strategy and approach to climate change, both the Board and the Chief Executive, assisted by a number of committees, take into account the laws and regulations of the countries in which 3i and its portfolio companies operate, as well as the perspectives of relevant stakeholders, such as those identified on pages 112 and 113. The governance structure is set out in the graphic below.



Non-executive oversight

The Board as a whole is responsible for the approval of the Group's approach in relation to ESG matters (including climate-related matters) and has oversight of the Group's sustainability strategy, approach and policies, including our Responsible Investment policy. It is assisted by the Audit and Compliance Committee in the review and consideration of any disclosures related to ESG matters, including climate-related disclosures.

The Board and Audit and Compliance Committee receive regular updates on ESG matters and climate-related issues from the Chief Executive and members of the ESG Committee as they become relevant and material. In FY2024, the main updates on climate-related issues included:

Our TCFD disclosures continued

May 2023	Review and approval of the FY2023 Annual report, including the TCFD disclosures and other climate- and sustainability-related disclosures contained elsewhere in the report
June 2023	Update to the Board on the ESG risk profile of the portfolio, following presentations made to the Group Risk Committee by our investment teams on the results of the annual ESG assessment of portfolio companies in March
November 2023	Update to the Board from the Chief Executive on a number of sustainability-related themes, including the development and setting of science-based targets, the second phase of our portfolio climate change scenario analysis, and the implementation of a portfolio ESG data gathering tool
December 2023	Session held during the Board Strategy Day, led by members of the ESG Committee, covering 3i's science-based targets and implications for 3i and its portfolio

Board skills and training

The Board received four dedicated training sessions on climate change during FY2023, which were externally facilitated by EY's sustainability practice. This training programme provided the Board with some of the tools necessary to improve its oversight of the Group's approach to climate change and the resulting impacts on the portfolio and investment strategy, and to inform the Board's decision making.

During FY2024, the Directors engaged with members of the ESG Committee on a regular basis on 3i's approach to climate change and related workstreams and received updates on regulatory and other relevant developments. For example, the annual Board Strategy Day in December included a dedicated session on the science-based targets that 3i had submitted for validation to the SBTi. In addition, our Directors attend our semi-annual portfolio company reviews, which include discussions of the material aspects of portfolio companies' climate strategy.

A number of our Directors also have experience of assessing climate-related factors and have received training on this topic through other executive and non-executive roles.

Executive responsibility

Day-to-day accountability for sustainability, including climate-related issues, rests with executive management and, in particular, the Chief Executive. The Chief Executive is supported by a number of committees in overseeing and monitoring policies and procedures and addressing issues that arise. These include the ESG Committee, Investment Committee and Group Risk Committee.

ESG Committee

The ESG Committee membership, shown in the diagram below, is drawn from a range of investment and non-investment functions across the Group. The Group Treasurer joined the Committee in FY2024. The ESG Committee also benefits from input from relevant functional areas as required.

The ESG Committee focuses on three main areas:

- reporting to the Chief Executive (directly and through the Group Risk Committee and Investment Committee) on relevant ESG matters, including climate-related risks and opportunities, and developing and reviewing policies, processes and strategies to manage ESG risks and opportunities for the Group and its investment activities;
- developing and recommending to the Chief Executive the Group's ESG approach (including a climate strategy) for review by the Board; and
- coordinating and facilitating ESG-related activities and initiatives across the Group.

The Committee considers relevant legal and regulatory requirements and industry standards, as well as best market practice, and monitors progress against its agenda.

The ESG Committee met formally four times in FY2024, but held three additional informal meetings in the year to implement its busy agenda. The ESG Committee's activities and focus for the year are described throughout this TCFD report.

Our TCFD disclosures continued

Investment Committee

The role of the Investment Committee is described on page 82. In performing its activities, the Investment Committee ensures that material ESG matters, including relevant climate-related risks and opportunities, are properly identified, assessed and managed in the course of our investment, divestment and portfolio management activities. The Investment Committee is chaired by our Chief Executive and comprises individuals drawn from our central functions (including the Group Finance Director and Chief Operating Officer), as well as from our Private Equity and Infrastructure investment teams (including the two heads of Private Equity, the two heads of Infrastructure and other senior investment and professional services team members). It meets frequently on an ad-hoc basis to discuss potential new investments and significant portfolio activity.

Group Risk Committee

The role of the Group Risk Committee is described on pages 82 and 83. As part of its responsibilities, it identifies the principal risks and new and emerging risks, including climate-related risks, facing 3i, as well as the associated mitigating actions and key risk indicators. This committee also maintains oversight of the Responsible Investment policy and considers and approves amendments to this policy as required, taking into account legal, regulatory and market developments regarding climate change. The Group Risk Committee, which meets four times a year, is chaired by the Chief Executive, and also comprises the Group Finance Director, Chief Operating Officer, the General Counsel and the Chief Human Resources Officer, as well as the heads of our Private Equity and Infrastructure businesses and a number of functional heads drawn from across the organisation, including the Group Compliance, Internal Audit and Investor Relations and Sustainability Strategy Directors.

Dedicated sustainability resource

We have dedicated sustainability resource embedded across the organisation, including:

- a Sustainability Director in our Private Equity investment team;
- a Sustainability Director and a Sustainability Senior Associate in our Infrastructure investment team; and
- a Sustainability Manager in the Group Investor Relations function to co-ordinate the Group's work on sustainability and implement Group-wide projects.

This resource is key in implementing the ESG Committee's many activities.

Participation in industry working groups

We are part of the Initiative Climat International ("iCI"), a global, practitioner-led community of over 250 private markets firms and investors which represented US$4.1 trillion in AUM as of the end of August 2023. These firms seek to improve the understanding and management of the risks associated with climate change. We contributed our feedback on iCI's portfolio company decarbonisation playbook, which focused on Scope 3 reduction in the supply chain through procurement.

As members of the BVCA, we contributed to the BVCA's feedback to the Financial Reporting Council's call for evidence on the implementation of International Sustainability Standards Board ("ISSB") sustainable disclosure standards in the UK.

Executive remuneration

The Executive Directors receive, in addition to their salary, an annual bonus and long-term share incentive awards based on the achievement of a number of performance conditions. For FY2024, annual bonuses for executive management were awarded based on a balanced scorecard of both financial and strategic measures agreed by the Remuneration Committee of the Board, alongside a consideration of the wider context of personal performance (including values and behaviours), risk, market and other factors.

Among the strategic and qualitative measures included in the balanced scorecard to determine the FY2024 annual bonus award, up to 10% of the maximum annual bonus opportunity was tied to progress against a number of ESG targets. The Remuneration report on pages 136 to 149 sets out the Remuneration Committee's assessment of the performance of the Executive Directors against the scorecard's ESG objectives. This TCFD report and the broader Sustainability section of this Annual report describe the measures taken by the Group to make progress against these objectives.

Pages 80-83
Risk management

Page 101
Governance framework

Pages 136-149
Remuneration report

Strategy

TCFD recommendations

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material:

- Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term
- Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning
- Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Our investment strategy is to make a small number of new investments each year in our Private Equity and Infrastructure businesses, selected within our target sectors and geographies on the basis of their compatibility with our return objectives. We screen investments against our Responsible Investment policy, which has been in place for many years and is reviewed as appropriate, and most recently in May 2024. We believe that the careful assessment and management of ESG factors, including climate-related risks and opportunities, can be an important lever for value preservation and, at times, for value creation in our portfolio. We therefore integrate this assessment into our investment screening and portfolio management processes and provide the necessary training and guidance to our investment professionals. These processes are described on pages 42 to 45 of this Annual report.

Resilience of our strategy to climate-related risks

Our business model is simple: we invest our proprietary capital and manage a small number of third-party funds (principally in our Infrastructure business). We do not manage products with specific sustainability mandates. Our investment and portfolio construction approach is flexible and not constrained by overly prescriptive investment mandates or by limited duration funds, given the permanent nature of our proprietary capital. The third-party funds we manage in our Infrastructure business are either permanent or of very long duration. We make majority or, in a small number of cases, significant minority investments in our portfolio companies, and exert influence on their boards.

This flexibility in mandates and holding periods is a considerable strength, including with respect to the management of climate-related risks and opportunities, and which has supported our ability to pivot our investment towards sectors and niches that can benefit from sustainable growth trends. Combined with the influence we exert on portfolio companies this has allowed us, for example, to increase our exposure to renewable energy generation and the energy transition theme in our Infrastructure portfolio over the last few years (see the case studies on pages 50 and 51). It has also allowed us to approve investments within our portfolio companies that support climate change resilience, for example, through a reduction in their GHG emissions or the development of products and services with lower associated emissions.

We do not invest directly in extractive industries (including coal, oil and gas), albeit some of our investments do have exposure to some of these sectors.

Climate scenario analysis

Climate change scenario analysis can be a useful tool to assess the potential future exposure of a portfolio to climate-related risks under different climate warming scenarios.

Early in FY2023, we carried out our initial, top-down climate scenario analysis on our Private Equity and economic infrastructure investments with the help of an external consultant. This analysis assessed climate-related physical and transition risks for each of these portfolio companies over short- (< one year), medium- (to 2030) and long-term (to 2050) time horizons under three broad scenarios: an orderly net zero transition by 2050; a disorderly net zero transition by 2050; and a hot-house world scenario. We described this scenario analysis in last year's TCFD report.

This top-down analysis did not provide detailed insights into our portfolio, which is relatively concentrated, even in an industry context, (with investments in approximately 60 companies across Private Equity, Infrastructure and Scandlines, excluding the PPP project investments which were not covered) and exposed to a relatively small number of sectors and geographies. It did, however, help us to develop our understanding of climate scenario analysis and to crystallise our belief that a bottom-up approach is better suited to the characteristics of our portfolio. The output of this analysis also helped us to form a view on which areas of the portfolio would merit deeper assessment.

With the benefit of these insights, we designed and carried out a second phase of climate scenario analysis in FY2024, also with the support of a specialist consultancy. This analysis used similar scenarios to those we used for the first phase of our analysis in FY2023. They are described in detail in the next page. As an initial step, we performed an analysis of approximately half of our portfolio companies by number, excluding PPP investments. For each of these companies, we assessed potential physical and transition risks using sector information and the geolocation of their main operations and suppliers. This first step helped us to determine the potential hot spots of inherent climate-related risks within this part of our portfolio and to select a small number of portfolio companies for the second step, "deep dive" analysis of the work.

In this second step, with the use of additional data, and with the benefit of in-depth interviews with portfolio companies or investment teams, we carried out a more detailed assessment of inherent and residual physical and/or transition risks for these portfolio companies. As part of this, we further developed our understanding of how these companies assess, manage and mitigate those risks and capitalise on the related opportunities. This allowed us to improve our assessment of the residual risk levels for each risk driver significant to the portfolio companies analysed, and to identify additional engagement levers that we can use, as significant shareholders, to drive progress. We have communicated the results of this analysis to the relevant portfolio companies.

Our TCFD disclosures continued

Orderly transition

We used an orderly transition scenario, which assumes that policies to mitigate the impacts of climate change are introduced early and become gradually more stringent, culminating in the achievement of global net zero CO_2 emissions in around 2050 and likely limiting global warming to below 2°C on pre-industrial averages.

Under this orderly transition scenario, our portfolio is potentially exposed to a number of inherent risk drivers and respective opportunities in the categories described on the next page.

Disorderly transition

A disorderly transition scenario assumes that climate policies are delayed or divergent, requiring sharper emissions reductions, achieved at a higher cost and with increased physical risks in order to limit temperature rise to below 2°C on pre-industrial averages by 2050.

Under this scenario, the risks identified as part of the orderly transition scenario are delayed but amplified in the run-up to 2050, with a higher potential impact on portfolio companies. For example, carbon prices could be higher and regulations could have much quicker implementation timeframes, resulting in higher costs to achieve compliance. However, the mitigation strategies and opportunities remain broadly the same and would include investment in low-carbon products and more resilient and efficient supply chains, as well as the active monitoring of and compliance with upcoming regulations and a proactive approach to developing transition plans.

Hot-house world

A hot-house world scenario assumes that no new climate change mitigation policies are introduced and that only those that have been implemented already are preserved, that current commitments are not met and that emissions continue to rise, resulting in a failure to limit temperature increases, as well as in high physical risks and severe social and economic disruption.

The climate change scenario analyses we have performed to date have not identified significant physical risk drivers for the majority of the portfolio companies assessed in the medium term, with moderate to low inherent physical risks driven principally by chronic temperature changes, heatwaves and flooding. A few companies, however, were identified as having medium or high physical risks in relation to their own operations or key suppliers. We focused our attention in the deep dive analysis on some of the companies identified as having higher risks and have engaged with them with the results of that assessment.

For our deep dive physical risk analysis, we used a >4°C, SSP5-8.5 2050 climate scenario, which shows an end-of-century temperature rise of 4.5°C and is considered to be the worst-case hot-house scenario.

The results of this climate change scenario analysis work were used to develop a more detailed climate change assessment framework, which has been incorporated into our overall ESG risk and opportunity assessment processes.

We intend to refine our approach to climate scenario analysis on a regular basis. This will be an iterative process, through which we will build on our understanding and on market and scientific developments over time.

Value at risk

Following careful consideration, we did not conduct an analysis of value at risk from climate change impacts. Current climate models to determine value at risk are at an early stage of development, and do not yet provide sufficiently reliable results for a concentrated portfolio like ours. Where relevant and possible, we embed certain climate-related considerations in the valuations of our portfolio companies. We will continue to assess climate modelling tools as they develop and will report on this annually.

Viability statement

In addition to the climate change scenario analyses described above, we have been assessing the potential financial impact of climate change on our portfolio as a whole for some time through the work we do to conduct our annual viability assessment (see pages 129 and 130). When preparing our Viability statement, we carry out a number of tests which consider the impact on the Group of multiple severe, yet plausible individual and combined stress scenarios, including the impact that climate change might have on the value of a number of our potentially more vulnerable assets through changes in regulation, in consumer preferences, an increase in physical risks and other business risks. This analysis is carried out over a three-year timeframe, and is different to climate change scenario analysis, which analyses the impacts of climate change over a much longer time period. Because of the diverse exposures of our current portfolio companies and the flexibility we have in portfolio construction, our analysis showed that a climate-related stress scenario is unlikely to impact the viability of the Group over the three-year time period.

Transition to a low-carbon economy

The ESG Committee discussed the most appropriate approach to align 3i and its portfolio to the UK's net zero ambitions and set relevant targets. We performed a detailed analysis of the portfolio (excluding the PPP projects) to establish how challenging it is for each portfolio company to set science-based targets, in light of (i) available sector guidance and decarbonisation pathways; and (ii) the carbon maturity of the portfolio company itself.

This analysis supported our decision to set SBTs, which were validated by the SBTi in March 2024. Information on our SBTs can be found within the Metrics and targets pillar of this report on page 68.

Our TCFD disclosures continued

Principal climate-related transition risks under the orderly transition scenario

Risk category	Risk drivers	Time horizon	Potential impact, mitigation and opportunities
Policy and legal	• New regulations and commitments	Short and medium term	**Potential impact** • Non-compliance with regulations and commitments could result in reputational damage for 3i and its portfolio as well as in legal fees and fines. **Mitigation** • 3i and its portfolio companies monitor the evolution of the regulatory landscape to ensure that they are prepared for compliance. • Minimum ESG requirements within our RI policy include compliance with applicable laws and regulations. **Opportunities** • Compliance with upcoming regulations facilitates the exit process.
	• Carbon pricing mechanisms	Medium term	**Potential impact** • The introduction of carbon pricing could increase the operating costs of the portfolio companies to which they apply. **Mitigation** • Where material, 3i has begun to engage with portfolio companies to identify those at risk from the introduction of carbon pricing mechanisms, and understand the potential impacts before addressing next steps. **Opportunities** • Portfolio companies subject to carbon pricing mechanisms could develop low-carbon processes and products to reduce this impact.
Technology	• Increased investment required in sustainable or green technologies and low carbon processes • Competitor innovation	Medium and long term	**Potential impact** • Increased investments in new technology and processes to reduce carbon emissions may result in higher costs. • Successful competitor innovation could result in reduced revenue and market share. **Mitigation** • Portfolio companies monitor their markets to identify potential technology risks and, with the support of 3i on their board, assess the new investments required to stay abreast of developments. **Opportunities** • Investment in lower-emissions products and services could lead to improved revenues and profitability over time.
Market	• Changing consumer and investor preferences • Unexpected shifts in market • Changes in job market	Medium and long term	**Potential Impact** • Changes in consumer preferences in response to climate change (eg preference for products and services with a lower carbon impact) could result in decreased revenues for portfolio companies. • An increasing employee focus on sustainability could make it harder for portfolio companies to retain and attract talent if they are not perceived to be responding adequately to the challenges posed by climate change. **Mitigation** • Portfolio companies monitor their offering against evolving consumer preferences and employee/potential employee expectations. **Opportunities** • Portfolio companies could invest in innovation to ensure that their products and services align with evolving consumer preferences.
Reputation	• Stigmatisation of the sector • Increased stakeholder concerns	Short and medium term	**Potential impact** • Stigmatisation and stakeholder concerns may result in decreased revenue and increased operating costs for certain portfolio companies operating in sectors perceived as having a high impact on climate change. **Mitigation** • Where material, 3i has begun working with portfolio companies to develop transition plans and develop their business models to ensure that they transition away from carbon intensive sectors or end markets. **Opportunities** • Portfolio companies that adopt a proactive approach to climate transition could strengthen their market position, particularly in a disorderly transition scenario.

Our TCFD disclosures continued

Risk management

TCFD recommendations

Disclose how the organisation identifies, assesses, and manages climate-related risks

- Describe the organisation's processes for identifying and assessing climate-related risks
- Describe the organisation's processes for managing climate-related risks
- Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management

We recognise the increasing importance of climate-related risks and monitor these as we do other risks through our comprehensive risk governance framework, both on a portfolio company level and for the Group as a whole. The framework is described in detail on pages 80 to 84, and our portfolio ESG assessment process (which covers an assessment of material climate risks for each portfolio company) is described on page 43 of this report.

3i's own operations are not in themselves exposed to material physical climate risks. We employ fewer than 250 people across seven offices. Nevertheless, the business is increasingly affected directly by climate-related legal and regulatory risks, as well as by the related reputational risks.

The majority of 3i's climate risk exposure is through its portfolio. We describe our processes to identify and manage climate-related risks and opportunities under the Strategy pillar above.

Identification, assessment and management of climate-related risks

We consider climate-related risks on the Group and the portfolio through our risk management framework, which is coordinated by the Group Risk Committee and implemented across the organisation as described in the Risk review. Specifically, in relation to the management and mitigation of climate-related risks in the portfolio, we rely, over the life of the investment, on:

- the assessment of material climate-related risks in the pre-investment phase. This is performed internally and supplemented as appropriate by external specialists and can result in Investment Committee requiring further due diligence to be performed or in investments being declined. Our climate change assessment framework was enhanced following the completion of the second stage of our climate scenario analysis in FY2024 and we will begin trialling this in the current financial year;
- our ongoing portfolio monitoring process, which involves, in addition to the monthly monitoring of bespoke financial and operational KPIs and in-depth semi-annual portfolio company reviews, a detailed annual ESG assessment which covers a number of climate factors. This annual ESG assessment was also enhanced with the benefit of the outputs of our climate change scenario analysis;
- the Investment Committee to manage portfolio risks;
- the influence we have on portfolio companies. We make majority or significant minority investments in our core portfolio companies and exercise influence through membership of their boards;
- the measurement of portfolio company GHG emissions (see "Metrics and targets" on the next page) and engagement with portfolio companies on abatement, mitigation and adaptation strategies; and
- climate scenario analysis, as described under "Strategy" on pages 61 to 63.

Our investment processes are described on page 43 of this Annual report. We further mitigate climate-related risks by improving our understanding of climate change and refining our processes over time. These processes involve an increasing number of employees. We have been encouraged by the level of staff engagement on this topic and intend to continue to provide forums for employees to provide their input and views on how to improve our performance.

Portfolio data collection and management

To support the assessment and management of portfolio sustainability risks, including climate-related risks, in FY2024 we continued to improve the quality of the annual sustainability data (including GHG emissions) we collect from portfolio companies by refining our ESG assessment questionnaires to ensure that they reflect our improved understanding of climate drivers across the portfolio, as well as evolving disclosure requirements, market practice and other stakeholder needs. We continue to work on improving the consistency and comparability of portfolio GHG emissions data, as this will underpin the quality of our portfolio emissions disclosures. The ESG Committee therefore selected and rolled out a new dedicated software tool to help us gather, organise and analyse ESG data from the portfolio, including the data used for the calculation of the portfolio climate metrics disclosed in this TCFD report. This tool provides detailed guidance for each of the metrics collected as well as access to a support team. See "Metrics and targets" on the next page for more information on portfolio emissions data.

Our TCFD disclosures continued

Metrics and targets

TCFD recommendations

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material:

- Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process
- Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks
- Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

3i Group's portfolio climate metrics

The metrics below provide information on the GHG emissions from our portfolio companies. These metrics cover 99.5% of the portfolio value[1] of 3i Group plc as at 31 March 2024 and are calculated in line with the TCFD recommendations implementation guidance.

Results as at 31 March 2024	Definitions of climate metrics
Portfolio emissions 323,539 tCO_2e	Total portfolio emissions is the absolute Scope 1 and 2 GHG emissions associated with a portfolio. We are allocating GHG emissions for each portfolio company using 3i Group's fully diluted equity ownership[2].
Carbon footprint 15.0 tCO_2e/£m invested	Carbon footprint is total portfolio emissions (Scope 1 and 2) normalised by the value of the portfolio[2], expressed in tonnes of CO_2e/£m invested.
WACI 42.5 tCO_2e/£m revenue[3]	Weighted Average Carbon Intensity ("WACI") is a portfolio's exposure to carbon-intensive companies, expressed in tonnes CO_2e/£m revenue. It is calculated using the carbon intensity for each portfolio company (Scope 1and 2 emissions/revenue) apportioned based on the weight of each portfolio company within the whole portfolio.

1 Note that 3i Investments plc manages a number of co-investment vehicles whose investors are employees or former employees of 3i. For the purpose of this calculation, we have included these co-investment vehicles within the 3i Group scope.
2 Sourced from 3i's finance systems.
3 Sourced from portfolio companies.

Methodology and GHG emissions data source

As a private equity and infrastructure asset manager and owner, 3i is able to collect data from its portfolio companies.

3i requests Scope 1 and Scope 2 (location and market-based) GHG emissions data from all core portfolio companies on an annual basis. This data is provided directly to 3i from portfolio companies through an ESG data collection tool. If a company provides Scope 2 market-based data, this is used for the climate metrics calculation. If Scope 2 market-based data is unavailable, location-based data is used. Scope 3 GHG emissions data is provided by portfolio companies where available and we are working to improve our Scope 3 data coverage further.

Estimations and data gaps

Where current year data is not available, but previous year data is available, we estimate the current year data using data from the previous year, adjusted based on year-on-year changes in revenue.

Where the data is not available, it is noted as a data gap. The significance of the data gap is disclosed through the data coverage indicator (99.5% of the portfolio value).

Data quality

As we invest in private companies that are at different levels of climate-related risk maturity, we have decided to add a data quality score to the data that we are disclosing to ensure that readers understand the reliability and quality of the data provided. Some of our portfolio companies have only just started to estimate their GHG emissions while others have robust processes in place to calculate and assure the data.

We have used a custom scale to reflect overall data quality using the Partnership for Carbon Accounting Financials ("PCAF") methodology as a guide and adjusting it to reflect the specificities of our business model:

Characteristics of the data	Data quality	Certain
Emissions of the company are available and reported by the portfolio company as being verified by a third party	1	↑
Prior year emissions of the company are available and reported by the portfolio company as being verified by a third party. The emissions for the current year are estimated based on prior year emissions and year-on-year changes in revenue	2	
Emissions of the company are available and reported by the portfolio company as being verified internally	3	
Unverified emissions of the company are available, including those calculated using our ESG data collection tool	4	
Emissions of the company, including those calculated by the portfolio company using our ESG data collection tool, are estimated using a GHG emissions calculator using spend data	5	
		Uncertain

The data quality score for 3i Group plc is 2.6. It is derived by assigning each portfolio company a data quality score, weighted by that company's emissions as a percentage of total portfolio emissions.

Our TCFD disclosures continued

Portfolio net zero alignment scale

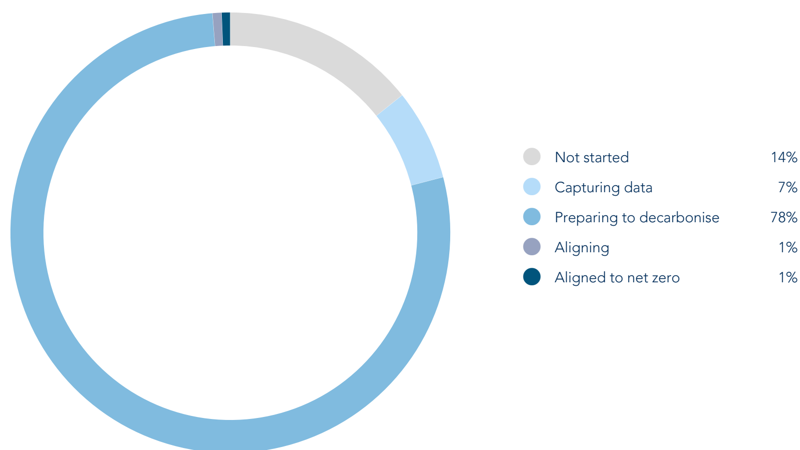
Initiative Climat International (iCI) and the Sustainable Markets Initiative's Private Equity Task Force have developed the Private Markets Decarbonisation Roadmap to enable private markets firms to drive their transition to a low-carbon economy. The metric used within this roadmap is based on the climate maturity of each portfolio company rather than on an implied temperature rise metric which is the methodology suggested by the FCA for climate disclosures. We are using the Private Markets Decarbonisation Roadmap metric because it aligns best with our science-based targets. The Alignment Scale of the Roadmap (as published by the leaders of the initiative) is summarised in the table below:

	Not started	Capturing data	Preparing to decarbonise	Aligning	Aligned to net zero
Definition	Not started to measure emissions or plan how to reduce them	Reporting emissions data but currently no plan in place to reduce emissions	Planning to reduce emissions in line with an approach agreed with the GP	Committed to a decarbonisation plan aligned to a transition pathway	Delivering against a net zero plan and operations aligned to science-based target
Criteria	• Minimal or no emissions data • No decarbonisation plan in place	• Measuring Scope 1 and 2 emissions from operations, alongside material Scope 3 emissions, and making data available to fund	• Decarbonisation plan in place but level of ambition not aligned to net zero pathway	• Committed to near-term science-based target aligned to a long-term net zero pathway	• Demonstrated YoY emissions profile in line with pathway

3i Group plc categorised portfolio companies covering 99.2% of its investment portfolio value as at 31 March 2024 in line with the roadmap's Alignment Scale. The current alignment of the portfolio based on total portfolio emissions is set out in the diagram below.

While the majority of our portfolio is preparing to decarbonise, we have had to categorise a number of our portfolio companies in the "not started" categories. Many of these companies have only recently begun to calculate their Scope 3 GHG emissions, but are not yet in a position to report all material Scope 3 categories to us.

We have categorised companies that have set science-based targets using the SBTi's SME target setting process as "aligning", even though some of them have not yet reported all material Scope 3 categories to us.



Our TCFD disclosures continued

3i Group's emissions from its own operations

This section has been prepared in accordance with our regulatory obligation to report GHG emissions pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2019 which implement the government's policy on Streamlined Energy and Carbon Reporting. During the year to 31 March 2024, our measured Scope 1 and 2 emissions (market-based) totalled 232.8 tCO_2e. This comprised:

	FY2024 (tCO_2e)			FY2023 (tCO_2e)		
GHG emissions (Scope)[1]	UK	Rest of the world	Total	UK	Rest of the world	Total
1	**101.0**	**34.7**	**135.7**	105.6	34.4	140.0
2 – location-based	**92.2**	**118.7**	**210.9**	86.6	72.4	159.0
2 – market-based	**–**	**97.1**	**97.1**	–	41.6	41.6
Total 1 and 2 (location-based)	**193.2**	**153.4**	**346.6**	192.2	106.8	299.0
Total 1 and 2 (market-based)	**101.0**	**131.8**	**232.8**	105.6	76.0	181.6
3	**n/a**	**n/a**	**9,612.8**	n/a	n/a	6,802.3

1 Based on IEA data (2023) Emissions factors, www.iea.org/statistics. All rights reserved; as modified by 3i Group plc.

This is equivalent to 1.0 tCO_2e per full-time equivalent employee, based on an average of 244 employees (2023: 0.8 tCO_2e; 241 employees). Overall, our Scope 1 and 2 (market-based) emissions increased by 28.2% year-on-year. Most of the increase can be attributed to the move of our offices in New York and Amsterdam, as we were unable to procure green electricity immediately after the move, and to the fact that our new premises in New York are heated with steam.

Our measured Scope 3 emissions totalled 9,612.8 tCO_2e. The 41.3% increase in our Scope 3 emissions in FY2024 compared to the previous year is attributable to a few factors, including: (i) improvements to the methodology we adopt to calculate the emissions related to our purchased goods and services; (ii) the emissions associated with the move to new offices in New York and Amsterdam; and (iii) increased business travel following the lifting of travel restrictions associated with the Covid-19 pandemic.

Our total energy consumption was 1,451.4 MWh (1,451,400 kWh) in FY2024, 57% of which was consumed in the UK. The split between energy consumption is shown in the table below.

	FY2024			FY2023		
Energy consumption (kWh in 000s)	UK	Rest of the world	Total	UK	Rest of the world	Total
Electricity	**445.5**	**297.2**	**742.7**	447.6	225.8	673.4
Fuels[1]	**378.1**	**155.1**	**533.2**	578.6	168.3	746.9
District heating, cooling, steam	**–**	**175.5**	**175.5**	–	25.2	25.2

1 Natural gas and transportation fuels (petrol and diesel).

Methodology

We quantify and report our organisational GHG emissions in alignment with the World Resources Institute's Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and in alignment with the Scope 2 Guidance. Scope 3 emissions are calculated in line with the World Resources Institute's Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard as well as the World Resources Institute's GHG Protocol Technical Guidance for Calculating Scope 3 emissions. We consolidate our organisational boundary according to the operational control approach, which includes all our offices. We have adopted a materiality threshold of 5% for GHG reporting purposes. The GHG sources that constituted our operational boundary for the year to 31 March 2024 are:

- Scope 1: natural gas combustion within boilers, fuel combustion within leased vehicles and use of refrigeration and air-conditioning equipment;
- Scope 2: purchased electricity and heat, cooling and steam consumption for our own use, including leased vehicles;
- Scope 3: purchased goods and services, capital goods, fuel- and energy-related activities, waste generated in operations, business travel and employee commuting and emissions associated with working from home.

In some cases, where data is missing, for example, due to the timing of invoices from our utilities providers, values have been estimated using either extrapolation of available data or by using data from the previous year as a proxy.

The Scope 2 Guidance requires that we quantify and report Scope 2 emissions according to two different methodologies ("dual reporting"): (i) the location-based method, using the average emissions intensity of grids for the country in which the reported operations take place; and (ii) the market-based method, which reflects the emissions from purposefully chosen energy (eg bundled electricity, supplier specific rates, direct electricity contracts).

Although we have a relatively low environmental footprint, we are committed to reducing it further. In our London, Paris, and Luxembourg offices, which account for over 86% of our overall electricity consumption, we purchased our electricity from 100% renewable sources during FY2024. Our New York and Amsterdam teams moved to new premises during the year. Our New York landlord is working on delivering green energy, however, it relies on initiatives to be implemented by the New York state government to achieve that objective. Our new Amsterdam office switched to green energy at the end of FY2024. Although the options for energy efficiency improvements for our offices are limited, we are assessing whether it is possible to switch to renewable tariffs in our remaining offices where we do not currently purchase all of our electricity from 100% renewable sources.

Third-party verification

The 3i emissions from its own operations disclosed on this page have been verified to a limited level of assurance by Accenture to the ISO 14064-3 standard. The portfolio emissions disclosed on page 65 are not included in this third-party verification.

Science-based targets

On 5 April 2023, we wrote to the SBTi to indicate our commitment to set up near-term science-based targets for 3i. We submitted our targets to SBTi for validation on 31 October 2023. SBTi approved our targets on 22 March 2024. Our science-based targets cover our direct Scope 1 and 2 emissions, as well as the Scope 3 emissions associated with our portfolio and are formulated in line with the guidance published by SBTi for financial institutions and the private equity sector.

Operations emissions target

3i Group plc commits to reduce its absolute Scope 1 and 2 (market-based) GHG emissions by 42% by FY2030 from a FY2023 base year.

Our strategy to meet this target involves engaging with our landlords on the energy efficiency of our premises and on using less carbon intensive energy sources. We are also engaging with energy suppliers directly or through our landlords on the procurement of renewable electricity.

Financed emissions targets

3i Group's portfolio targets cover 82% of its total investment and lending by invested capital as of FY2023. As of FY2023, the required activities made up 82% of 3i Group's total investment and lending activities by invested capital while optional activities made up 3% and out of scope activities made up 15%.

3i Group plc commits to 31% of its listed and eligible Private Equity portfolio by invested capital setting SBTi-validated targets by FY2028 and 100% by FY2040 from a FY2023 base year.

3i Group plc commits to reduce GHG emissions from the electricity generation sector within its eligible portfolio by 68% per MWh by FY2030 from a FY2023 base year.

3i Group plc commits to continue providing electricity generation project finance only for renewable electricity through FY2030.

Our strategy to meet these targets involves the following actions:

1 As a majority or significant minority investor in our core portfolio companies, we will continue to use our influence and engage with portfolio companies to support them to:
   (i) measure and report on Scope 1 and 2 GHG emissions at least annually;
   (ii) measure and report on material Scope 3 GHG emissions at least annually when appropriate; and
   (iii) develop decarbonisation plans and set science-based targets.

2 We will manage our electricity generation portfolio to reduce its GHG emissions intensity as a whole.

3 We will facilitate knowledge sharing between portfolio companies in relation to formulating decarbonisation plans and setting science-based targets.

We will disclose on progress towards achieving these targets on an annual basis from FY2025.